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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN FRANCISCO

JAMES VARGA.

Case No. CGC - 18 - 56 4 3 3 7

Plaintiff,

COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF

TWITCH INTERACTIVE, INC. a/k/a TWITCH.TV, INC.

Defendant.

Plaintiff, James Varga (herein "Varga"), by and through his counsel of record, as and for his Complaint against Defendant, Twitch Interactive, Inc. a/k/a Twitch.tv, Inc. (collectively, "Twitch"), states the following, based on information and belief and the investigation of counsel:

INTRODUCTION

1. This is an action for monetary damages and injunctive relief, brought for violations of the laws of the State of California, including Sections 17200 et seq. of the Business and Professions Code,

and for breach of contract, intentional interference with contractual relations, and intentional and negligent misrepresentation.

- 2. Plaintiff James Varga is a resident of Las Vegas, Nevada, and from 2011 through the present, has remained one of the most popular online and social media personalities within the blossoming eSports and competitive video gaming industry. Varga initially gained recognition as a competitive player in the League of Legends game ("LOL") and later in the game Counter-Strike: Global Offensive ("CS:GO"). In late 2012, Twitch.tv, Inc. approached Varga with an opportunity for Varga to begin broadcasting online streaming content on the Twitch.tv platform.
- 3. For nearly four years beginning in November 2012, Plaintiff Varga served as one of Twitch's most popular and successful content providers. Varga amassed approximately 16,000 paid subscribers to his Twitch.tv account, had well over 1,000,000 followers ranking in the top 10, and his online content for Twitch was viewed over 88,000,000 times. Because of his immense popularity, Varga's content on Twitch.tv contributed significant value to Twitch's brand. Through the Twitch.tv platform, Varga gained numerous valuable sponsorships and business opportunities.
- 4. Despite Varga's popularity and success, on or around July 19, 2016, without notice, Twitch improperly suspended Varga's Twitch.tv account and then terminated the contract.
- 5. Twitch has never provided any formal explanation for his suspension; instead, Twitch has made only vague and ever-changing allegations of breaches of the Terms of Service.
- 6. Twitch has attempted to excuse its conduct by alleging that Varga broadcast improper content. Yet, Varga broadcasted content similar to what many other popular Twitch content providers also broadcast, and in fact, during the course of Varga's performance of his contractual obligations as a content provider, representatives from Twitch repeatedly informed Varga that he was permitted to broadcast the very content that they later used as an excuse to illegally terminate his contract.
- 7. Significantly, under the terms of Varga's contract, Twitch was required to provide written notice of any purported violations of the contract, and was further required to provide Varga with an opportunity to cure his purported violations within 30 days. However, Twitch provided no such notice, much less opportunity to cure these alleged violations.

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FACTS APPLICABLE TO ALL CAUSES OF ACTION

The Parties' Contract

- 16. Varga was at all relevant times a content provider for Twitch, who broadcasted online streaming content on his designated Twitch.tv account, pursuant to the parties' contract.
- 17. Until November 2012, Varga broadcasted online streaming content on "Own3D.tv," a smaller streaming platform and competitor to Twitch.
- 18. In 2012, Twitch recruited Varga to become a content provider on Twitch.tv. Jason "Opie" Babo, a former Own3D.tv employee who had been recruited to join Twitch, contacted Varga as part of Twitch's recruitment efforts (and later became Varga's Twitch manager).
- 19. On November 12, 2012, Twitch and Varga signed the Content License and Base Network Agreement (the "Contract"), whereby Varga became a Twitch content provider.
- 20. Pursuant to the Contract, the parties agreed to revenue sharing relating to revenues generated both from advertising on Varga's Twitch.tv account and from paid subscriptions to Varga's Twitch.tv account. Varga was further entitled to receive 70% of the monthly gross subscription revenues for his channel, with Twitch receiving the remaining 30%. On information and belief, Twitch receives 50% of the monthly gross revenues earned for less popular Twitch.tv channels.
- 21. The Contract was for a term of two years, at which time, the Contract automatically renewed for a period of one year unless one party gave notice of non-renewal 90 days before the expiration of the term; however, on April 1, 2014, the parties entered into an Amendment and Extension ("Amendment") that extended the contract for an additional two years, and incorporated by reference the one-year automatic renewal.
- 22. Throughout the duration of the Contract, neither Twitch nor Varga provided any notice of non-renewal of the Contract.
- 23. Other than by expiration and non-renewal, the Contract can only be terminated for breach or bankruptcy of either party.

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COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF

- Many online viewers who first visited Varga's Twitch.tv channel went on to view and subscribe to many additional channels of other Twitch.tv live steamers, generating even greater revenues
- In addition to the substantial revenues and profits earned directly under the Twitch contract, Varga's status as one of the most popular and widely-viewed eSports and competitive video gaming personalities also led to Varga gaining numerous individual sponsorship opportunities, independent of his Twitch.tv account.

Varga's Online Content

- Per the terms of his Contract with Twitch, Varga was free to broadcast a variety of online content, with the only limitation being that the content would not violate Twitch's "Content Guidelines."
- During his broadcasts on his Twitch.tv account, Varga frequently streamed eSports and competitive video gaming content, including playing the game Counter-Strike: Global Offensive
- In addition to streaming his competitive video gaming, Varga also, from time to time, broadcasted content other than playing the video games ("non-gaming content.").
- The Contract does not prohibit non-gaming content, nor does the Contract restrict the amount of time Varga could stream non-gaming content.
- Twitch's content guidelines and terms of services are silent as to the length of time a content provider may stream non-gaming content.
- However, on multiple occasions in 2016, Babo advised Varga that, as a content provider, Varga was permitted to broadcast non-gaming content, including gambling, for 30 consecutive minutes.
 - For example, on May 27, 2016, Varga's Twitch manager Babo stated: hey phantom. I was told to letyou know again that you have been streaming cs go gamling for longer than 30 minutes. remember what I said last time. don't do the cs:go gambling as the main focus of your stream. don't let it go 30 minutes at a time. play some, then do a bit if you want. Just not he focus of your stream

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- 48. Rather, Twitch sent an email to Varga purporting to notify Varga of an "indefinite suspension" for violations of the Terms of Service; however, Twitch did not specify the nature of the violation nor did Twitch identify the conduct that it alleged amounted to a violation.
- 49. In fact, Twitch did not provide Varga with any explanation until January 7, 2017 nearly five months after Twitch suspended Varga's Twitch.tv account.
- 50. At that time, a Twitch representative explained that there had been fraudulent subscribers to Varga's account, a circumstance over which Varga had no control.
- 51. Subsequently, Twitch changed its explanation for the indefinite suspension, alleging that Varga's online content, including his non-gaming content, violated the content guidelines.
- 52. Twitch also later alleged that Varga had violated the Twitch terms of service based on unsubstantiated allegations that had been leveled against him by Richard Lewis, a Breitbart e-sports reporter who accused Varga of cheating on game-related gambling sites. Lewis published his allegations on July 16 and 18, 2016—clearly timed to generate maximum traffic, and maximum harm, while Varga was participating in the ESL One event in Germany.
- 53. The allegations against Varga are untrue and based on unchecked speculation arising from illegally obtained electronic records; yet Twitch never asked Varga about the allegations or otherwise discussed them with him, despite the fact that Varga was among Twitch.tv's most popular and lucrative content providers. Instead, Twitch apparently accepted as true the false allegations published by an unscrupulous commentator (who also did not interview Varga or disclose the allegations to him before publishing them).

The Harm To Varga

- 54. As a result of Twitch's improper suspension of Varga's Twitch.tv account, and also as a result of Twitch's misrepresentation as to what content Varga was permitted to broadcast, Varga has incurred significant monetary damages.
- 55. Specifically, as the result of the suspension of Varga's account, Twitch has improperly denied Varga his right to revenue generated from subscribers, advertisers, and viewers to his Twitch.tv account.

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Twitch.tv account.

73.	When Twitch represented to Varga that he was permitted, under the terms of his Contract		
and the Twite	h content guidelines, to broadcast non-gaming content for up to 30 consecutive minutes		
while broadcasting on his Twitch.tv account, in fact, Twitch knew that it did not permit content providers			
such as Varga to broadcast non-gaming content in that manner. When Twitch advised Varga that he was			
permitted to b	roadcast non-gaming content for up to 30 consecutive minutes, Twitch was aware that the		
	was false, or recklessly disregarded whether the representation was true or false.		

- 74. Twitch made this representation to Varga with the intention to induce Varga's reliance. Twitch knew that Varga had asked for guidance regarding permissible broadcasting content, and was aware that Varga would rely on Twitch's representations, based on Twitch's superior knowledge and unilateral ability to determine content guidelines.
- 75. Varga justifiably relied on Twitch's representation that he was permitted to broadcast non-gaming content for up to 30 consecutive minutes.
- 76. Because the terms of service are silent as to the length of time that a content provider can broadcast non-gaming content, Varga could not have known of Twitch's policy; rather only Twitch was aware of its policy, and Varga was forced to rely on Twitch's representations.
- 77. In justifiable reliance on Twitch's representations, in May and June 2016 Varga occasionally broadcast non-gaming content on his Twitch.tv account.
- 78. Subsequently, after Varga's suspension, Twitch asserted that Varga had violated the content guidelines through broadcasting non-gaming content.
- 79. Twitch's intentional misrepresentations regarding its content guidelines were fraudulent. Moreover, given Twitch's intimate knowledge of its own content guidelines in light of its ability to set the guidelines themselves, and to unilaterally interpret whether streaming content met those guidelines Twitch's blatant misrepresentations to Varga were willful and malicious.
- 80. Twitch's intentional misrepresentations to Varga have resulted in damage to Varga in an amount to be proven at trial.
- 81. Twitch, by engaging in the aforementioned acts, is guilty of fraud, malice and oppression as defined in section 3294 of the California Civil Code, in that Twitch and its representatives' conduct was done with the intention of depriving Varga of property, namely money, or legal rights or otherwise

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unilateral ability to determine content guidelines.

Varga justifiably relied on Twitch's representation that he was permitted to broadcast

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unfair business practice.

•	97.	These unlawful and unfair business practices are likely to continue and present a	
4	continuing threat to the public. Therefore, Varga requests a permanent injunction pursuant to Business		
3	and Professions Code Section 17203 to enjoin and refrain Twitch from continuing its unfair business		
4	practices, and to order Twitch to immediately lift Varga's suspension and restore his Twitch.tv account.		
5	WHEREFORE, Plaintiff prays for relief against Defendants as follows:		
6	11	For general damages according to proof;	
7	2.	For special damages according to proof;	
8	3.	For exemplary damages, according to proof;	
9	4.	For prejudgment interest at the maximum rate allowed by law;	
10	5.	For costs and expenses, and expert witness fees; and	
11	6.	For such other relief as the court may deem just and proper.	
12		Respectfully submitted,	
13	Dated: February 13, 2018 MURPHY, PEARSON, BRADLEY & FEENEY P.C.		
14	Dated. Febr	uary 13, 2018 MURPHY, PEARSON, BRADLEY & FEENEY, P.C.	
15		J. J. W.	
16		James A. Murphy	
17		Patrick J. Wingfield	
18		William J. Quinlan (pro hac vice admission pending) Lisa H. Quinlan	
19		Matthew M. May (pro hac vice admission pending)	
20		Attorneys for Plaintiff James Varga	
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COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF

EXHIBIT A

Friday, 27, Stay 2016

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so time it, do what you think is correct, quist weakfulf risk it hereestly. tio do Lot, Overwatch, something! hatra-I'm not trying to cheat the system though You're probably just not paying attention to the time really Okay so I'm going to be more on top of it Can Lat loss get some transparency on how Lean go about doing R? I mean it's my career it's my life I don't want to get natured that will send tipples I would like some clarification if it is exactly a 30min timer from the minute you start To when I need to end Or care I do what I feel conductable deing Oomo it then going out Doing something else and conting back 5-10 lates Let me get that information for you internally before you do anything like that again. Is that ok? So times's transparency Year. Yeali Treatly ans not having to pass anyone off Let alone fact your Seems like I'm getting asserved throughout my streams Is it really this had Opie? You are not nicce than anyone else wolf when the same thing is reported so many times for the same streamer and it doesn't stop the preson who deals with that are exact first to the collection quantities if care actually confecting visit or if you are understanding it 1 544

let me det clarification about how you should go by this, by the viay, it will help me too, as these are awasome questions,

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And what's the cool down in between too

Well are these records from viewers or mode? And what's the cool down to between too. years the cooldown is what im asking about too. Its our moditeam that goes through reports and streams, etc. chave gone alread and entalled internally to get you a proper answer for your good questions which in sure can be used for other partners who ask the same thing, cause honestly this whole kinder than 30 is just out to me. why can you do it for 30 but not know han Ed fike to know where this is all coming from two if possible. It know poker players can gamble for thours straight, what's the difference with csps? 1-1-1-1-1-1-1 is it 30 in 1 setting, is it 30 cooldown 30 not even Figniy another good guestion hab Let's say functional stream. I'll be very within the time since I'm not going to lick with this But let's say I do step out at time a fat too long. year certil you get your answers i don't think I will even allow a suspension but it could happen What is the chance someone will just suspend me What is the chance senseone will just suspend me someone like Tyler can ovecrule me tio one will randomly do it, symmonia from the faulter ups (even figher than me) will do it. Edict mention that you understand you have a suspension that could happen if he breaks the rules again, but that you need some I just don't soul this to escalate you've always been understanding I don't really know the rules that Ell do 30mi Vándosos But like I'm not bying to bend it as much as I can 44.00 - 25. try not to do it for even 20 at a time lot THAT BAD??

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Section Page

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